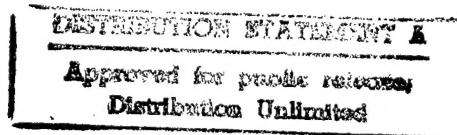


# PARTNERING IN THE PUBLIC SECTOR

BY

**WILLIAM MALCOLM SHEEDY, P.E.  
LIEUTENANT COMMANDER  
CIVIL ENGINEER CORPS  
UNITED STATES NAVY**



**A REPORT PRESENTED TO THE GRADUATE COMMITTEE OF THE DEPARTMENT OF  
CIVIL ENGINEERING IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE  
DEGREE OF MASTER OF ENGINEERING**

## UNIVERSITY OF FLORIDA

1997

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This report is dedicated to Lori and Patrick. Until recently, I never realized how much another individual can really mean to someone. Thank you for your patience and support. I love you.

## **ACKNOWLEDGMENTS**

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### **ABBREVIATIONS**

AGC	Association of General Contractors
CEO	Chief Executive Officer
CII	Construction Industry Institute
COE	Corps of Engineers
ENR	Engineering News Record
GSA	General Services Administration
NAVFAC	Naval Facilities Engineering Command
PBS	Public Buildings Service

## **EXECUTIVE SUMMARY**

## **PARTNERING IN THE PUBLIC SECTOR**

The decade of the 1990's saw the advent of a new attitude in Government contracting. After witnessing several high-profile success stories such as constructing the Atlanta Olympic Park, the Government embraced the concept of Partnering as a primary method of contract administration. The private sector consistently demonstrated an ability to contract for services while realizing a marked decrease in claims and litigation costs with Partnering. Their success was founded in the building of trust within the project team by creating a common bond between previously dissociated parties. This was achieved by each party developing a mutual understanding of the other parties' interests and goals in the project while maintaining a team focus on an ultimate goal of a successful contract. The Government espied Partnering as a way to improve their relationships with contractors and reduce the volume of litigation that seemed to only be increasing in the industry. The Government began a paradigm shift by instilling a new attitude of openness and communication with contractors as well as implementing several contract administration changes. This paper examines the process of Partnering, its key elements and core competencies, and how various agencies apply these principles in their construction management. The paper further researches what goals these organizations have when entering a Partnering relationship and what barriers currently prevent the process from working effectively.

## PREFACE

### YOUR CHOICE MAKES THE DIFFERENCE

When we choose to live by the spirit rather than the letter of the law—offering our hand and word as our bond—we distinguish ourselves. When we don't, we give up treasured values and mirror the dark, litigious side of construction.

Lawsuits are inimical to the basic nature and goal of the industry. Construction is not an individual endeavor like long-distance running, but rather a business of team-building. The fabric of the industry depends on strong weaving of owner, architect, engineer and contractor into a team. Successful teams are built on the strengths of each member, while successful lawsuits are founded on capitalizing on the weaknesses of team members.

Litigation is not counter-productive if it helps define legal and factual issues, building a foundation for fair and expeditious settlements. But that's not often the case. And the current flood of suits is so strong that it erodes both the process and people of construction.

For far too long the industry has railed and not rallied against its “litigious nature,” and for too long we've been too comfortable—as individuals and as companies—about being involved in lawsuits. We need to be embarrassed to be either plaintiff or defendant. As managers of your future—individual or corporate—you have a duty to take advantage of the opportunities uniquely available to not only achieve sensible resolutions of disputes but also to avoid the conflicts in the first place.

You are the ones who set—and can change—company or organization policy. By your leadership, you set the climate that makes compromise acceptable. You—not your lawyers—must decide whether you want “tough” contracts that, harshly applied, cause disputes.

You know what's at stake. Now make the choice and the difference.

(ENR, 1991)

## PARTNERING IN THE PUBLIC SECTOR

### WHAT IS IT

The US Army Corps of Engineers (COE) is credited with implementing Partnering in the public sector in 1988 during the construction of the William Bacon Oliver Lock and Dam in Alabama. In response to the emerging litigious nature of construction contracts, they sought a process to promote dispute prevention and reduce exposure to litigation. They recognized the adversarial nature of their traditional contractual relationships with contractors was detrimental to their desire to reduce claims and litigation. In addition, the COE realized there was a distinct lack of open communication between the contractors and the COE contract administrators. It was time for change. (Podziba, 1995)

Simply stated, Partnering is a method of creating and maintaining open and positive communication among traditionally adversarial parties. It is a medium through which individual goals of multiple parties can be integrated into mutually beneficial objectives. Partnering is an attitude. It is a method for traditionally adversarial organizations to develop a common area to accept positive outcomes for everyone.

Partnering is not a panacea for the ills of the construction industry. Partnering will fail if applied improperly, either as a process or in the wrong situation. It is not a quick fix. It will not guarantee extra profits nor is it license to ignore a contract. Partnering is a commitment-intensive process that requires effort from all the parties involved. What it offers is an alternative to the traditionally acrimonious relationship between an owner and a construction contractor. (U.S. Department of Interior, 1991)

In the construction industry, Partnering is a paradigm shift for building contractor and owner relations. The Construction Industry Institute (CII) defines Partnering as:

A commitment between two or more organizations for the purpose of achieving specific business objectives by maximizing the effectiveness of each participant's resources. This requires changing traditional relationships to a shared culture without regard to organizational boundaries. This relationship is based on trust, dedication to common goals, and an understanding of each other's individual expectations and values. (Construction Industry Institute, 1995)

In Partnering, all parties to a project meet before construction begins and agree to specific management procedures for the project. They create team-based approaches, focusing on creating cooperation and developing working relationships. The relationships are carefully built upon the tenets of trust, mutual respect, and integrity. (Welch, 1996)

For those experienced in Government contracting though, the myriad of 'real-time' problems, including cost overruns, delays, excessive and avoidable change orders, and litigation threats and actions, may seem insurmountable for any management process, much less Partnering, where the parties are supposed to communicate freely. Historically, owners and contractors are faced with confrontation. Who is at fault for delays and additional work requirements? Was it contractor negligence, lack of owner direction, an outside factor not anticipated by either party, or a combination of any or all of those factors? Who ultimately pays for the additional work or delay? The question becomes, 'Can Partnering withstand the realities of a construction project?'

The answer is unequivocally Yes. Why - because "this revolutionary management process [Partnering] emphasizes cooperation rather than confrontation." (Chock, 1996). A recent study by the CII examined the process and determined that long-term Partnering offers major opportunities for the US construction industry. Their study researched six categories of benchmarks, including cost, schedule, safety, quality, claims and other. They compared traditional metrics of the construction industry such as total project cost,

schedule changes, lost work days, rework, number of claims, and job satisfaction. As a rule, the study used discrete metrics to compare project performance. The only metric which was not discrete was the 'Job Satisfaction' metric. In this case, the study used a subjective rating for the respondents. The study compared the results of Partnering efforts versus the industry average for all other construction. In every category, the projects which were Partnered outperformed the rest of the industry. A summary of the results is listed.

**Table 1. Benchmark (Best of Class) Results:  
Partnering vs. Traditional Construction**

Category	Result Area (Metric Used)	Result
Cost	Total project cost (TPC)	10% reduction
	Construction administration	24% reduction
	Marketing	50% reduction
	Engineering	\$10 per hour reduction
	Value engineering	337% increase
	Claims (% of TPC)	87% reduction
	Profitability	25% increase
Schedule	Overall project	20% reduction
	Schedule changes	48% reduction
	Schedule compliance	Increased from 85% to 100%
Safety	Hours without lost-time accidents	3 million vs. 48,000 industry standard
	Lost-work days	4 vs. 6.8 industry standard
	Number of doctor cases	74% reduction
	Safety rating	5% of national average
Quality	Rework	50% reduction
	Change orders	80% reduction
	Direct work rate	42% reduction
Claims	Number of claims	83% reduction
	Projects with claims	68% reduction
Other	Job satisfaction	30% improvement

(Construction Industry Institute, 1996)

While the results of Partnering are impressive, the research team noted their results were skewed by two factors. First, the study included several long-term Partnerships. The study noted these types of Partnerships typically establish very aggressive goals as part of their Partnering charter. In addition, the research team noted the single-project Partnering efforts appeared to have easily achieved their Charter's objectives. The team noted that in most of those instances, the team could have achieved more aggressive goals, had they pursued them. In summary, the CII research team concluded the competitive advantage of Partnering is barely tapped at this time. (CII, 1996)

While the contract establishes the legal relationships amongst the parties, Partnering attempts to develop working relationships among 'stake-holders' to the project. Prior to Partnering relationships, resolving contract issues was the responsibility of the owner and general contractor. Other parties such as subcontractors and designers were not integral to the direct discussions. Their input may be obtained separately, but the owner and contractor typically conducted all direct communication in resolving differences and delays. In Partnering, all parties become stake-holders in the process. The stakeholders mutually develop a formal strategy of commitment and communication. They attempt to create a communication-friendly environment based on trust and teamwork. They focus on fostering a cooperative bond amongst all the parties to benefit all, prevent disputes, and facilitate the successful completion of a project. (AGC, 1991)

## How It Works

“Partnering is the creation of an owner-contractor relationship that promotes achievement of mutually beneficial goals. It involves an agreement in principle to share the risks involved in completing the project, and to establish and promote a nurturing partnership environment. Partnering is not a contractual agreement, however, nor does it create any legally enforceable rights or duties. Rather, Partnering seeks to create a new cooperative attitude in completing Government contracts. To create this attitude, each party must seek to understand the goals, objectives, and needs of the other-their “win” situation-and seek ways that these objectives overlap.” (Edelman, 1991)

To achieve this new attitude, several actions must take place. Partnering advocates recommend the guidelines in Table 2 be implemented. Most of the guidelines are self-explanatory. For example, all stake-holders should be included in the process if a truly open environment can be established for communication. Similar logic applies for using competent and willing participants.

Table 2. Partnering Guidelines

- Involve subcontractors, suppliers, local authorities, and testing and inspection services. The Partnering process should include everyone who will become involved in the project.
- Successful Partnering projects should be advertised. Nothing succeeds more than success. Public awareness of the process and the advantages to be gained will make subsequent attempts at Partnering easier to implement.
- Without competent people, the Partnering process will be difficult to achieve.
- Some advocates of the process recommend a 2-day retreat to get to know each partner better, but it doesn’t end there. Follow-up and periodic meetings throughout the project are an absolute necessity.
- The use of a formalized decision-making process will result in the creation of documents that memorialize the event.
- Backup team members should be selected so that momentum is not lost if one or more members of the original team are transferred to other projects or leave the company. (Levy, 1994)

For effective results, it is a commonly accepted practice to conduct a workshop at the earliest stage of contract. Usually, this involves a 1-3 day session with all the stakeholders of the project. This includes the owners' project manager, contract administrator, inspectors, and senior-level managers. The project designer should be represented as well as all major organizations and agencies affected by the project. Contractor representatives should include the project manager, superintendent, and other specialists assigned to the project, such as a quality control supervisor. The contractor should also ensure all major subcontractors are involved in the process.

The sole agenda of the initial session should be to establish the basis for the Partnering arrangements for the project. This includes developing a project charter and conflict resolution procedures at a minimum. Other strategies may be developed as appropriate for the project, such as value engineering mechanisms. Discussing these arrangements in advance of construction beginning on site go a long way to avoid conflict before it arises. (Welch, 1996; AGC, 1991)

An essential part of the workshop is the use of a professional facilitator. This individual acts in a neutral capacity and only manages the process of the workshop, not the individual attainment of goals. The change in mindset from adversarial to cooperative does not come easily and a professional facilitator can effectively break down any barriers which may be encountered in the process without fear of retribution. Professional facilitators provide expertise in a number of areas including communications, group and organizational dynamics, and team building. (Edelman, 1991)

The need for a neutral facilitator can not be overstated. The diverse nature of the team members makes it virtually impossible for an internal entity to conduct the session.

First and foremost, the internal entity would appear to bias the Partnering towards their organization. Secondly, it would be extraordinarily awkward to place an employee in a situation where they may have to 'assist' their CEO/supervisor to keep on the track of the meeting. What is recommended is that each organization identify 'Champions' for the team. These individuals assist in nurturing the Partnering effort within their organization. A top-level 'Champion' ensures organizational support was maintained for the process whereas the working-level 'Champion' would ensure the day-to-day managing of the process was maintained. (Edelman, 1991)

## **KEY ELEMENTS OF PARTNERING**

The CII details the nine elements listed in Table 3 as being essential to a successful Partnering effort.

Table 3. Elements to Successful Partnering

- A formal planning process is in place for partner selection and/or team building
- A Partnering/team-building implementation plan is in place
- The Objectives for team building and/or selecting partners are defined
- There is a formal process for selection of teams and partners
- The Partnering/team-building selection process, implementation plan, objectives, etc. are communicated to the organization
- A Partnering agreement has been developed and is in place
- A team is established
- A leadership workshop is held along with training sessions
- Partnering/team building takes place on an on-going basis (CII, 1995)

Central to developing these elements, three core competencies of Partnering must exist: commitment, communication, and conflict resolution. Commitment refers to the resolution by all levels of participation to enable and effect the tenets of Partnering. Partnering reflects a change in attitude and requires personal commitment from every individual in the process. This includes both the working-level people who deal with the ‘realities of the job site’ on a daily basis and the top level management as well. “The jointly-developed Partnership Charter is not a contract, but a symbol of commitment.” (AGC, 1991) An easy way to secure this commitment is to have all the affected individuals develop a personal relationship with their counter-part(s). (Edelman, 1991) In this way, each person would better know the different motivations of the team.

Communication lies at the heart of the Partnering process. Without it, Partnering does not exist. Each member of the team must be completely open and honest in their communications. This should be reflected in both their day-to-day operations as well as

their goals and objectives for the project. By allowing this communication to develop, each team member will more fully understand the risks of the other parties in the process. This fosters the development of trust amongst the team. Further, open communications provide a forum for a synergistic relationship to overcome obstacles as they develop. By understanding the goals and objectives of the other team members, individual stakeholders begin to use win-win thinking to jointly develop strategies for implementing their mutual goals as well as the mechanisms for overcoming obstacles to individual goals.

(AGC, 1991)

Conflict resolution is the centerpiece of Partnering. Within a conventional construction management structure, two distinct management teams exist, one with the owner and one with the contractor. As they make decisions independent of the other, conflicts are inevitable. As conflicts occur, adverse actions follow and resources end up being expended on items other than the project, up to and including litigation. Perhaps it was best said by Daniel Burns, Chief of Construction Operations, COE North Pacific Division:

“The end result of [of current ‘adversary management’] is a continuing upward spiral of risk and cost: risk of the contractor going broke, risk of projects taking longer than necessary for completion, and risk of significant cost overruns. These costs do not go to productive facilities, but instead to overhead, litigation, and contesting experts. Partnering seemed to offer the opportunity of harnessing capabilities, talents, and positive energies of both owner and contractor groups and focusing them on mutually agreed-upon goals. It offered the opportunity for all parties to change preconceived attitudes in order for both to win in the long run.” (Edelman, 1991)

Partnering has an almost immediate effect on resolving conflict. As part of the initial workshop, prevention mechanisms are developed. A common form of this is called ‘forced escalation.’ As a dispute occurs, the working level has a specified amount of time

to resolve the issue. At the end of the specified time, the dispute is automatically forwarded up one management level. That level has a specified period of time to resolve the issue. This continues until the CEO's (or equivalents) receive the dispute. Should the issue still remain unresolved at that point after the specified period of time, arbitration or mediation is mandated. This system ensures issues are resolved expeditiously and do not linger. This allows the working level to not be distracted by issues which would otherwise be detrimental to the project. (Chock, 1996) Once these core competencies exist amongst the stake-holders, the elements delineated by CII become easy to attain.

## **BENEFITS**

When Partnering works, the adversarial mindset and method of doing business is overcome by a spirit of cooperation. The Partnering process empowers the management individuals in the project on both sides of the contract. Stake-holders are given authority to resolve issues and held responsible to manage issues at their level. Partnering becomes a ‘high-leveraged effort,’ requiring increased staff time and effort on the front-end of a project. Nevertheless, benefits realized by all stake-holders include reductions in costs and a true demonstration of integrity and respect amongst the stake-holders. (AGC, 1991)

Benefits are realized by all stake-holders. Three distinct benefits are realized by an owner when a Partnering process works well. The most important benefit an owner realizes is a better quality product as a result of focused energy on the construction project rather than misdirected towards adversarial concerns. This includes added opportunities for value engineering and constructability improvements while maintaining a financially successful project. Secondly, the owner realizes a lower construction cost by reducing delays, cost overruns, and administrative costs in tracking controversial and adversarial issues. Lastly, the owner realizes reduced exposure to litigation by maintaining open communication and resolving disputes quickly. At the end of the project, the owner is not worried about receiving an unexpected claim for items he thought were resolved, or worse, went unmentioned through the construction process. (AGC, 1991)

The contractor benefits from a successful Partnering process in three areas as well. The biggest benefit for the contractor is increased productivity for the project crews. The expedited decision making process allows reduction/elimination of delays and realigning of work. By not experiencing delays and constant realigning of work, the crew is able to

maximize their work effort. Secondly, the contractor realizes better schedule and cost control for the project through the reduction/elimination of delay costs and cost overruns. This leads to a financially successful project for the contractor as well. Lastly, the contractor realizes lower administrative costs through the reduced exposure to litigation by maintaining open communication with the owner. (AGC, 1991)

In addition to the owner and contractor, other parties such as subcontractors or the architect-engineer, benefit from Partnering. The first benefit is an increased role in the prosecution of the work. These parties have an increased opportunity to offer value engineering suggestions and/or constructability changes to enhance the project. Secondly, their opportunity for a financially successful project is increased when they have a voice in the decision process for the project. Lastly, their continued involvement in the project reduces their exposure to litigation through dispute resolution strategies. (AGC, 1991)

As with all management processes, an integral part of the benefit analysis is the feedback portion. The added benefit of Partnering is that the process includes regularly scheduled progress meetings to evaluate how the process is working. During the initial workshop, an evaluation method is developed to assist the team in measuring the effectiveness of their strategies at Follow-Up meetings. At the Follow-Up meetings, the stake-holders objectively evaluate their strategies and adjust them to better suit the needs of the specific project. This feedback is not a common occurrence in most management processes but it is built in to the Partnering process. (Edelman, 1991)

## CONCERNS

Consistent with any major change in management style, the shift to Partnering did not occur without concerns raised by the principal parties. Specific concerns shared by both the public agencies and the contractors were:

- Whether the added expense of Partnering was worth the benefits to be gained
- A perceived risk in trust

The major concern seemed to focus on the cost-benefit analysis. It was presumed the only benefits realized from the Partnering process were improved inter-personal relationships amongst the participants. There appeared to be no tangible benefit gained as a result of the process. Rather, skeptics pointed to the added cost to conduct the sessions as a waste of taxpayer dollars. Contrary to this perception, experience has shown the Partnering process significantly reduces the administration required for a contract. Affected parties have reasonable mechanisms and strategies to resolve conflicts and disputes before they approach litigation. (Edelman, 1991, AGC, 1991)

A concern also exists in a perception that unreasonable risk is taken by trusting a former adversary. There is concern that Partnering places the owner and contractor 'too close' to maintain objectivity. Again, experience proves this concern is unfounded. The adversarial relationships consistently build 'paper-walls' between the parties, typically resulting in claims and/or litigation. It appears that, although concerns exist to entering Partnering, a properly conducted process effectively mitigates the common concerns. (Edelman, 1991, AGC, 1991)

## **SPECIFIC AGENCY PHILOSOPHIES AND ELEMENTS**

This section addresses the different philosophies, elements, and anticipated benefits for various organizations involved with public sector contracting. These organizations include the Association of General Contractors (AGC), US Army Corps of Engineers (COE), Naval Facilities Engineering Command (NAVFAC), and the General Services Administration Public Buildings Service (PBS). The core competencies of the previously mentioned philosophy, key elements, and benefits are central to all these organizations.

It is easy to understand why differences would exist between the AGC and the public agencies. What was interesting was to discover the various differences between the various public agencies. Although they are very similar when considering Partnering as a process, there are both specific and distinct differences between the agencies as well as subtle differences in their application of the principles of Partnering. Those differences are presented here.

## **ASSOCIATION OF GENERAL CONTRACTORS**

### **Philosophy**

The AGC acknowledges that construction is a very competitive and high-risk industry. They recognize the competitive nature of the industry contributed to the former adversarial type relationships as contractors and owners appeared to maintain conflicting objectives on projects. The AGC implored the industry to also recognize that the time had come to “step forward and work together to take control of this costly and intolerable situation.” (AGC, 1991) As a result, AGC adopted Partnering as one concept to achieve their goal. They define Partnering as:

A fundamentally different approach, Partnering provides a basis to ‘reorient’ the parties to a “Win-Win” approach and foster synergistic team work. Recent developments, primarily the acceptance of Partnering as viable management tool, has vaulted this technique to the forefront of construction project management. General contractors throughout the United States are successfully using Partnering on all sizes and types of projects. (Welch, 1996)

The AGC does not necessarily consider the concept of Partnering a new way to conduct business. Some owners and contractors have always applied the principles of Partnering in business. These individuals indicate Partnering is going back to accepting responsibility for one’s actions and that one’s word was their bond. They indicate they do not need a formal agreement since they believe every contract includes a covenant of good faith. (AGC, 1991) As such, they fully support the core competencies as a sound basis for establishing Partnering agreements. In addition, AGC supports the emerging attitude of mutual trust as stake-holders begin to relate their exposure and risk in projects. AGC believes this relating of exposure and risk by the other stake-holders will be a major impetus for the contractors to transform to ‘win-win’ contracting. (AGC, 1991)

### **Elements**

The AGC has also identified two other elements, equity of the stake-holders and timely responsiveness, as central to successful Partnering. When explaining equity of the stake-holders, the AGC focuses on the theme of each party truly understanding the goals of the other stake-holders. Their desire is to have all parties committed to considering all other interests when making decisions on the project. The AGC specifically states their desire is for a ‘win-win’ solution to be developed in every decision. With respect to timely responsiveness, the AGC is reminding the process that, especially in the construction industry, time equates to money. Timely decisions not only increase production, but also reduce the possibility a conflict will evolve into a dispute or claim. This philosophy is similar to the ‘forced escalation’ method already presented. (AGC, 1991)

### **Benefits**

In addition to the benefits already mentioned, the AGC recognizes an increased profitability can result from a successful Partnering process. From the owner perspective, they typically receive their facility faster as a result of Partnering. The contractor also realizes greater profits through the expedited decision-making process, referring again to the time equates to money analogy. As the contractor realizes earlier completion, lower tier subcontractors and suppliers realize increased profits as a result of earlier payments. (AGC, 1991)

### **Concerns**

Concerns raised by the AGC are directly related to the potential profit benefits. Their most significant concern is a lack of commitment on the public sector’s part. They are concerned the parties may only have ‘lip-service’ commitment. In that case, the added

expense to Partnering will be for naught since there was never any intention to develop the trust amongst the parties. The other concern is a residual attitude of 'must-win' by any of the parties. Their position is this attitude will directly oppose the efforts of the stakeholders willing to take the risks, open the communication paths, and be committed to reducing conflict. (AGC, 1991)

## **US ARMY CORPS OF ENGINEERS**

### **Philosophy**

As previously stated, the COE claims to have founded the principles of Partnering in Government contracting. As such, their philosophy does not deviate from the core competencies discussed for Partnering. An agency would be reasonable if they considered the COE's philosophy as the benchmark for Partnering. In summary, their philosophy is simply:

Partnering, designed to create a positive, disputes prevention atmosphere during contract performance. Partnering uses team-building activities to help define common goals, improve communication, and foster a problem solving attitude among a group of individuals who must work together throughout the contract performance. ...A central object of partnering is to encourage contracting parties to change from their traditional adversarial relationships to a more cooperative, team-based approach and to prevent disputes. (Podziba, 1995)

### **Elements**

Similar to philosophy, three of the COE's key elements have already been stated as the core competencies for Partnering. In addition to these elements, the COE views two other main elements as essential to a successful Partnering effort as well as several minor elements. The main elements include the elimination of the adversarial relationship and establishing a Partnering Charter. The minor elements included preparing early for the Partnering process and planning combined activities.

When analyzing the adversarial relationship, the COE realized there had to be a better way of doing business. They were spending a great deal of resources 'posturing' themselves as claims developed. Likewise, the contractor was expending resources 'posturing' themselves on the same issue, resulting in lower profits on projects. As profits declined, contractors diverted resources from delivering the quality of the workmanship to

cover the added expenses. In the end, neither could afford the continued 'posturing' efforts. The COE concluded:

The adversarial management relationship jeopardizes the ability of 'either' side to realize its expectations. The result is increased costs for the taxpayer and declining profit margins for the contractor. This is truly a lose-lose outcome for all. (Edelman, 1991)

The COE considers the development of a meaningful Partnering Charter as a key element to a successful Partnering effort. This Charter is merely a statement of the goals and objectives for the project. The Charter is established during the initial workshop and defines several items. First and foremost, it establishes common objectives for the project. Without common goals, the stake-holders have no reason to Partner. It is critical to the success of the Partnering effort to define common objectives.

A primary strategy established in the Charter must be how to manage conflicts and disputes, with an emphasis on preventing their occurrence. Secondary considerations in the Charters are the main individual goals of the principal participants. These items help define the risk each stake-holder has in the project and why the success of the project is important to them. This assists the other stake-holders in developing strategies to allow every party to realize success as a result of the Partnering process. (Edelman, 1991)

### **Benefits**

The COE believes that when Partnering works, the adversarial relationships yield to open communication and a spirit of cooperation. They typically see some or all of the attributes listed in Table 4 as indicators to this openness and trust in the contracting relationships. Similarly, they use a lack of these indicators to detect when Partnering efforts are not realizing their potential benefits.

**Table 4. Indicators of Successful Partnering**

- Sharing a common set of goals
- Clear expectations shared by each participant
- Trust and confidence amongst the participants
- Commitment by all participants
- Responsibility being recognized and accepted without conflict
- Courage of the participants to be honest and forthright in confronting issues and resolving conflict
- Understanding and respecting the goals of the other stake-holders
- Synergy amongst the team through the collaboration of resources
- Excellence expected from others and delivered in turn (Edelman, 1991)

**Concerns**

The COE have identified one additional concern to those previously mentioned, that of relaxing contract requirements ‘in the spirit of Partnering.’ This is based on a misunderstanding about what Partnering is and what it can do. Partnering is the sharing of information. Partnering does not mean public interest can be compromised simply because it does not suit another party to the process. Rather, Partnering is the process by which the other party understands why a law or regulation must be complied with.

## **NAVAL FACILITIES ENGINEERING COMMAND**

### **Philosophy**

The Naval Facilities Engineering Command defines Partnering as “a common sense communication process.” (Buffington, 1992) NAVFAC concurs with the philosophies defined as core competencies and base their model for Partnering on a hybrid of the COE, AGC, and CII methods. They state “Through commitment, trust, communications and shared objectives, Partnering creates an attitude of teamwork and an atmosphere for effective problem solving.” (Buffington, 1992) NAVFAC further believes the principles of Partnering can be effectively applied in their non-contractual relationships. This is based in the philosophy that the team building and cooperative aspects of Partnering are beneficial whenever multiple agencies/organizations are involved. Specifically, RADM Jack Buffington wrote:

Partnering will not only help us serve our customers better, faster, and with less costs, but also make our people’s jobs more enjoyable by reducing conflict with our customers and suppliers. (Buffington, 1992)

### **Elements, Benefits, and Concerns**

NAVFAC uses the AGC guide as a basis for key elements and benefits of Partnering. While the profit-motivated elements are not applicable in a pure sense, NAVFAC has applied a ‘profit’ theory by using the principles of Partnering with their other relationships. In doing this, they treat organizations which they have relationships with as customers. Open communication, trust, and commitment become the pillars to maintaining the ‘repeat business’ and healthy and cooperative relationships. This change in attitude has resulted in significantly improved relations with these organizations (Buffington, 1992, Gunn, 1991).

## **GENERAL SERVICES ADMINISTRATION PUBLIC BUILDINGS SERVICE**

### **Philosophy**

The Public Buildings Service of the General Services Administration adopted Partnering as a standard business practice in January 1994. They apply Partnering on all construction projects in excess of one million dollars. They encourage the use of Partnering on smaller projects if the situation warrants its use, specifically if the project is particularly complex or controversial. Their corporate philosophy states:

“Partnering is a formal management process in which all parties to a project voluntarily agree at the outset to adopt a cooperative, team-based approach to project development and problem resolution to eliminate, or at least minimize, conflicts, litigation, and claims. While Partnering can be applied to any working relationship, it has become a common practice on large construction projects both within and outside of Government. Agencies or owners, architect-engineer, construction managers, and building contractors and subcontractors all have their own priorities – providing a breeding ground for conflict. Partnering helps avoid unproductive ‘positioning’ of any one or all of the parties by generating an environment of cooperation and trust.” (GSA, 1996)

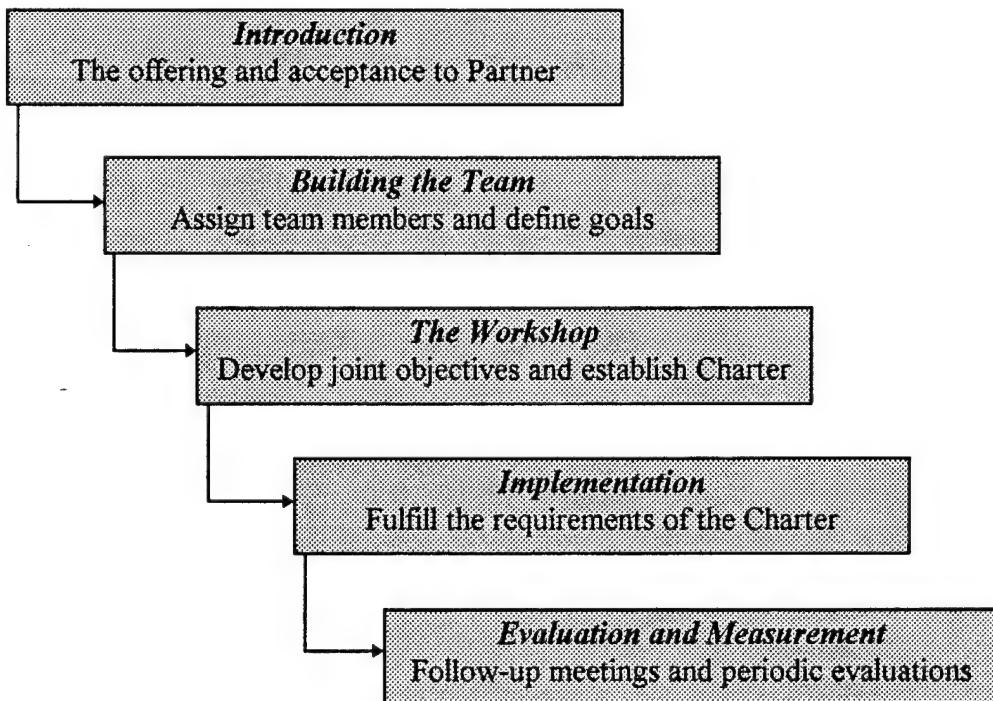
### **Elements, Benefits, and Concerns**

GSA does not specifically list elements which they consider important, other than the core competencies previously mentioned. They emphasize the creation of a cooperative, non-adversarial atmosphere with their contractors. Construction contracts which include Partnering specifically state PBS’s intent to Partner with the successful bidder. They include all the stake-holders in their Partnering effort, even if the projected impact to the project is small. They typically employ external facilitators to assist the Partnering efforts and the cost is shared equally amongst all team members. They indicate improved safety, reduced construction time, and greater value engineering savings as the principal benefits realized to date. (GSA, 1996)

## THE PHASES OF A PARTNERING PROCESS

The Partnering process is designed to implement the philosophy and key elements of Partnering in pursuit of the particular goals of the stake-holders. As discussed, there are several elements to the Partnering process, depending on which perspective an agency has embraced. Central to all the philosophies, elements, and anticipated benefits and concerns, Figure 1 shows a five phase process to Partnering which has been universally adopted. This section details the five phases. It should be noted that Partnering, as used herein, includes the use of a third-party facilitator to conduct the sessions. It is noted that several agencies and organizations have embraced not only the formal Partnering process but also the principles behind the process as a standard way of conducting business.

Figure 1. Five Phases of Partnering



## **Introduction**

This is the first phase of Partnering and has two areas of consideration. The first is educating your organization. This step is vital to the success of Partnering and applies to all potential parties to the process. The prospective team members must fully understand the principles of Partnering as well as be willing to embrace them. Without this education, the team members will be unable to maximize the benefits of the process. The second step of this phase is sending letters of intent to the other stake-holders indicating the desire to Partner. This step is normally reserved for the owner to initiate. The other stake-holders normally will respond back to the owner with their desire to proceed with the process. Occasionally, the process encounters an organization that does not want to participate in the process. While participation is not mandatory, the other stake-holders will typically encourage the reserved party to try the process. Once an agreement is reached to Partner, the owner will solicit an independent facilitator. The owner will typically do this by submitting a proposed facilitator to the other parties for consensus.

## **Building the Team**

The second phase in the process is a management commitment from the parties, including the assignment of team members and a 'champion' for each stake-holder. Team members will begin to define their goals for the project at this time. The champion then reviews the goals and ensures their team, as an entity, are in sync with the proposed goals and have top-management support. The champions then meet and design the workshop.

## **The Workshop**

This is the heart of the Partnering process. The Workshop should be conducted as early as practical in the project schedule. Ideally, the Workshop should occur before

construction actually begins on site. The Workshop should be conducted at a neutral site, preferably far enough away from the stake-holders' home office to avoid distractions. This distance also ensures the respective corporate cultures of the stake-holders are minimized. All members of each team should be present at the Workshop. This is critical to having all members 'buying-in' to the goals and objectives for the project.

During the course of the Workshop, various activities are conducted. Typically, the Workshop is the first opportunity for members to meet their counterparts. First, a set of team building exercises should be conducted to allow members get to know their peers. It is common for the facilitator to administer a personality profile, such as Myers-Briggs, for the team. This valuable tool allows the team to understand the motivations behind the other members and the how and why of their actions. The purpose of the team building exercises is to develop trust and build communication skills amongst the team.

The team-building exercises are followed by team members expressing their goals for the project. The trust developed earlier is tested during this period as the other team members are expected to devise ways to support the goals of the other stake-holders. In addition to individual goals, common objectives for the project are defined at this stage. The team then develops joint strategies to support the goals. The Partnering Charter is defined by these strategies. At a minimum, it is expected that specific goals and objectives are expressed in the Charter, including dispute resolution guidelines for the project.

### **Implementation**

This phase of Partnering puts the Charter to the test. It also tests the commitment of the stake-holders. Once construction has begun and problems occur, the parties are expected to 'live up' to the Charter and resolve them at the earliest opportunity. This

phase significantly tests the trust and communication skills developed in the Workshop, especially as the problems get more complex and more resources are at risk. This is the phase where the barriers to Partnering will surface, preventing the stake-holders from achieving their goals.

#### **Evaluation and Measurement**

This phase involves conducting follow-up meetings as well as periodic evaluations to determine if the goals and objectives of the Charter are being achieved. In this phase, the team members reconvene to discuss the Charter and build upon those parts of the Charter which are working well. Often, Charters are revised to reflect the way the members are actually resolving issues and accomplishing goals. The follow-up meetings also afford the members an opportunity to correct those areas of the Charter which are not working properly. The evaluations assist the team members in determining both the strong and weak parts of the Charter. In addition, the evaluations can help identify the barriers preventing achievement of the stated goals, allowing the team to focus on reducing the barriers. (Eastern Federal Lands Highway Division, 1996)

## **GOALS AND BARRIERS**

Partnering works because the philosophies and elements noted contribute to and achieve the goals and objectives of the Partnering Charter. Specifically, the key elements directly impact and change the traditionally adversarial relationship to one of open and positive communication. Essential to achieving this paradigm shift is a clear statement of goals by the stake-holders as well as effective mitigation of barriers. This chapter details the typical goals and barriers currently noted in Partnering efforts.

### **GOALS AND OBJECTIVES**

When discussing goals, it is important to distinguish between goals and objectives. For the purposes of this report, goals are the individual achievements desired by a single stake-holder in the process. Objectives, on the other hand, are the joint achievements mutually agreed upon by all the parties in the process. While objectives are customarily thought of as one broad category of project objectives, two types of goals exist, dispute prevention and financial. Table 5 lists the typical goals and objectives for a Partnered project.

Table 5. Typical Goals and Objectives for a Partnered Project

<u>Project Objectives</u>	<u>Dispute Prevention Goals</u>	<u>Financial Goals</u>
Develop working relationships	Develop dispute resolution procedures	Increase profitability of the project
Increase quality of workmanship	Develop schedule conflict resolution procedures	Cost control
Accident prevention and reduction	Claims avoidance	Develop expedient payment processing procedures
Increased use of value engineering		Reduce the required contract administration actions

### **Project Objectives**

The first typical objective is to develop sound working relationships. It is self-explanatory why this is important. In the traditional adversarial relationships, it was common for communications to be nonexistent. As such, problems and minor conflicts went unresolved, often leading to disastrous results. A typical scenario may be an inspector noting a deficiency in the form work for a concrete placement. Instead of noting the deficiency to the superintendent before the concrete was placed, the inspector would wait until after the concrete was in place. The end result was lost time and money to complete rework, a potential delay in completing the project, and aggravation by all parties. Partnering has the inspector working with superintendent to prevent the lost time and money. The shift in attitude to working together has helped all stake-holders in reducing the problems encountered in a project.

Partnering has fostered project objectives generally considered difficult to achieve. The partnering process has allowed increase in quality of workmanship and accident prevention and reduction to become viable objectives. Despite the low-bid nature of Government contracting, Partnering gives the public agencies an opportunity to discuss various alternatives not previously addressed in the project specifications. The contractors receive valuable feedback from the agency before material is purchased. Partnering gives the Government greater opportunities to ensure that the quality meets their expectations. Similarly, the contractor, through the open dialog, is able to better ascertain what level of quality is acceptable for the project without having expended a great deal of resources. In addressing accident prevention and reduction, the open dialog between the agency and the contractor ensure the contractor understands what issues are receiving greater attention at

any given time. Often, an accident on an unrelated project will cause a ripple effect on all on-going projects. Partnering ensures the stake-holders are aware of the current focus and concerns.

The last project objective which has become a goal of Partnering is the use of value engineering. Value engineering in Government contracting normally means the contractor poses better alternatives to the standard design provided as part of the project documents. These proposed changes would have to show a substantial cost savings to be implemented. Despite a good incentive package (50% of the savings was given to the contractor), very few contractors pursued this due to a lengthy and drawn out review and approval process. Partnering has helped to streamline this process and more contractors are now availing themselves of the possibility to make greater profits as a result.

### **Dispute Prevention Goals**

It is not unreasonable to surmise that, but for dispute prevention, Partnering does not need to occur. In pursuit of dispute prevention, three distinct goals exist. The first is dispute resolution. As a goal, it is essential the Partnering Charter specifically address how the stake-holders will resolve disputes and conflicts. In every construction project, conflicts will occur. Conflict in this case refers to conditions being different from those depicted in the project documents. Dispute resolution is the mechanism devised to keep the conflicts from going to litigation. As a close relative to dispute resolution, resolving schedule conflicts is the second dispute prevention goal. This goal deals specifically with those issues related to time and the impact that changes to schedule have on completion of the project. The last dispute prevention goal is claims avoidance. The construction industry became a haven for litigation beginning in the 1980's. By the end of the decade,

the litigious nature of the industry demanded a change. Partnering was born out of the need for an alternative to the court system. It is rare to see a Partnering Charter that does not include a specific goal to have no litigation as a result of the project.

### **Financial Goals**

In theory, every benefit of Partnering is connected to the financial side of a project. Whether it is open dialog between an inspector and a superintendent to prevent lost time and rework or avoiding litigation and letting the lawyers expend resources which would otherwise be profits, every goal of Partnering benefits the profitability of a project. This profitability also applies to the Government agency as well. Not normally thought of as profit, receiving the benefit of a project in an expedited fashion is cheaper for the agency. Partnering achieves this with the other goals.

With respect to pure profitability though, Partnering has helped foster three other goals. First and foremost is cost control for the contractor. When the contractor receives open communication from the owner, he is better able to plan the project to maximize the productivity and effectiveness of the labor force. When the contractor realizes more efficient cost control, minor conflicts and delays are absorbed without delay claims being submitted. The same is true for minor changes in the work. Essentially, as the contractor is more efficient, cost control is increased and profits are maximized. The other contractor goal is payment processing. The contractor typically seeks to define a reasonable and efficient method to process payments. By establishing this procedure, the contractor is better able to manage the cash flow for the project, again maximizing the profitability.

One financial goal that is shared by both the owner and contractor is reducing the contract administration required for the contract. In reducing the paperwork required to complete the project, both parties realize reduced costs. This is not to presume that either party relinquishes their contractual rights and obligations. Merely, this goal is typically to streamline the paperwork trail to minimize the cost of administering the contract.

## **BARRIERS**

While much literature has been written regarding the success of Partnering, there are many occasions where Partnering does not work. Typically, the process did not work for one of three reasons. First, the project did not lend itself to being Partnered. Second, the process was not applied correctly. Either of these failures have different reasons why Partnering did not work. This report does not address these failures. Rather, this report will focus on the third failure of Partnering - the existence of one or more barriers in the process. These barriers can be either real or perceived. Despite the best intentions of the parties involved, sometimes, the barriers cannot be overcome. Nonetheless, the barrier(s) existed at the time of the Partnering effort. Table 6 details the four categories of barriers as well identifies typical examples of those types.

Table 6. Categories of Barriers to Partnering

<u>Inter-Personal</u>	<u>Knowledge and Skill</u>	<u>Project Structure</u>	<u>Partnering Process</u>
Past adversarial relationships	No experience with Partnering	Lack of long-term commitment	Top-level (mgmt) commitment
Past adversarial experiences	Lack of understanding the principles	Specific contract language	Working-level commitment
Ego/Personality indifference	Lack of common goals	Low-bid mentality	Expense of conducting
'Fear of the Unknown'	Fear of relationships getting 'too close'	Contract size too small	Having the right facilitator
	Fear of micro-management		

### **Inter-Personal Barriers**

Inter-personal barriers are those items which work against the key element of trust. These barriers originate from the individual people and are the hardest to overcome. They typically arise from the personal experiences of the people in their previous contractual

relationships and are associated with the attitude and working styles of the people. Past adversarial relationships and experiences directly relate to the personal experiences of individuals. The traditional nature of the relationships in construction have bred an air of mistrust. Instinctively, an owner's management team is suspicious of the contractor as a result of their background and training. Coupled with previous adversarial experiences, management personnel have established a mindset and tend to harbor mistrust. The owners are also generally the hardest group of individuals to effect a change in attitude. Training the people is the best way to overcome these barriers. By showing the principles and benefits that have been documented with Partnering, mutual trust can be attained.

Ego and personality indifference roots back to the past experiences of the people. This is analogous to a Jurassic Park theme, where the experienced persons are the hardest to change. When asked, these people typically state "I tried it once and it didn't work. Why try it again!" As a rule, these personalities require more assistance and training to create the team-building and trust expected in Partnering. One way to mitigate this barrier is through education on the positive experiences with Partnering.

'Fear of the Unknown' is a common barrier with stake-holders with little to no experience in Partnering. The inherent fear of change, coupled with previous experience in the industry, establishes systems and methods that accomplish the project, often times despite the individuals involved. Through training, these individuals can see the benefits realized through successful Partnering ventures. It can be shown that Partnering can and will save the owner time and the contractor money in completing the project. (Larson and Drexler, 1997)

### **Knowledge and Skill Barriers**

Knowledge and skill barriers are those items which work against the Partnering process solely because of lack of understanding how the system works. These barriers originate from the lack of experienced people and are probably the easiest to overcome. The lack of experience with Partnering is the simplest barrier to overcome. The way around this is by being a team member in a Partnering process. If it is not feasible for an individual to be part of a team, being an observer or even support staff to members of the team are ways to gain exposure to the process. By gaining the exposure, the individuals will assimilate some of the ideals of Partnering. With respect to the lack of understanding the principles of Partnering, there are two distinct problem sets here. The first is those people with no experience with the process. Legitimately, they have not seen how the process works to see the full impact of the system. This barrier is easy to resolve by simply involving the individual in the process. The other set is those people experienced in Partnering but do not understand the process. They can be called the 'In the Spirit of Partnering' people. These individuals try too hard to make ensure no conflict occurs at any time between the parties. Instead of explaining what can reasonably be done in a situation, they waive a contractual right or pay additional money for items which they ordinarily would not, solely in the interest of having no 'ruffled feathers.' These people typically need refresher training on the principles of Partnering to overcome this barrier.

The other common skill barriers are a perceived lack of common goals, a fear of the relationship getting 'too close,' and the fear of micro-management. These is fallout from the traditional management style of the 'my way or the highway' mentality and is difficult to break. The perceived lack of common goals barrier is as a result of a closed-

minded view of the project. The underlying, and often unstated, objective of all the stakeholders is a timely completion of a project within budget. How each individual stakeholder arrives at this objective may differ, but in reality, they have a common purpose, whether realized or not. The fear of the relationships getting ‘too close’ is similar to the lack of understanding Partnering’s principles barrier. Obviously, there is the possibility that a relationship may lead to decisions being made in an unfair and unethical manner. The counter to this argument, though, is that the relationship would probably have been compromised without Partnering. Education is the key to mitigating this barrier. The micro-management barrier goes directly against the key element of Partnering to allow issues to be resolved at the lowest level possible. As with the other knowledge and skill barriers, training and education of the existing management structure is the key to mitigating this barrier. (Larson and Drexler, 1997)

### **Project Structure Barriers**

While attitude, experience, and lack of experience are central to the previous barriers, project structure barriers work against the principles of Partnering because most construction projects are relatively short in duration. By the time the stake-holders truly understand their team members, the project is approaching completion. As such, long-term relationships rarely mature in construction projects. In addition to the short-term nature of the projects, specific contract language, customary practices in the industry, and contract size contribute to these barriers. Mitigation and reduction of these barriers generally involve creative solutions.

The primary barrier in this category is the lack of long-term commitment. Projects in the construction industry, as a rule, are short in duration. The ideals of Partnering are

suited to fast-track relationships amongst the stakeholders in the attempt to achieve a level of trust normally seen in long-standing relationships. Sometimes, this barrier can not be overcome, simply due to a lack of time. The only way to mitigate this barrier is by risking one's position and entrusting another individual sooner than you would otherwise.

The other barriers in this category require creative solutions to overcome. Often, there is specific contract language which prevent one or more of the stakeholders from achieving a goal. In these cases, the owner and contractor should do whatever is in their authority to support the goal. The 'low-bid' mentality of the industry prevents contractors from including costs in their bid to allow for Partnering. Unless the project documents specifically direct the bidders to include the costs, they typically will not be there at bid time since a contractor will not risk losing a bid on a projected management style. The owner has the responsibility in this case to ensure the project documents clearly state their intentions with respect to implementing the process.

The last barrier in this group may be the simplest to overcome, that of the contract size being too small. In many cases, contracts are too small to warrant the use of formal Partnering and be cost effective. In these cases, it is incumbent on the stakeholders of these projects to apply the principles of partnering to the project. By applying the principles, these contractors can also benefit from the process without spending the extra resources for a facilitator and off-site workshops. Instead, the Partnering can be done informally in the normal conduct of business. (Larson and Drexler, 1997)

### **Partnering Process Barriers**

The last category of barriers are those inherent to the Partnering process. These barriers exist within the framework and principles of Partnering, if they are not applied

adequately or correctly. As with the project structure barriers, creative solutions are often required to overcome these barriers. The commitment barriers are self-explanatory. If either the top management or the working level is not committed to the process, Partnering will not work. A recent summit meeting was conducted between the AGC and NAVFAC. One of the key issues arising from the meeting was AGC's concern that the top-management commitment to Partnering was waning. Specifically, the minutes indicate:

AGC expressed concern that Partnering was losing interest at the top. They felt that both sides need to create the culture of the organization for every job, that Partnering is important and that top management needs to be involved. NAVFAC agreed to issue an updated policy letter on Partnering which includes encouraging management level support and involvement above the Resident Officer in Charge of Construction {project manager} level. NAVFAC also agreed to prepare a policy statement on Partnering which could be included in the AGC magazine. (Miller, 1997)

Once the top management commitment falls off, the working level commitment follows suit. Education and advertising the successes of Partnering will overcome this barrier.

The expense of conducting Partnering has often been cited as a reason to avoid the process. Education and publicizing the cost data is required to overcome this barrier. A recent survey by the COE indicates the cost of Partnering is approximately 0.15% of the total project cost. In comparison, a recent study by CII indicates that Partnering realized a 7%-26% reduction in total project costs. (Consensus Building Institute, 1996). The final barrier is having the right facilitator. This is no good answer on how to avoid this barrier. Sometimes, despite their best intentions, the character and personality mix of the team members and the facilitator do not mix. One may postulate that the Partnering may have failed anyway. Nonetheless, this barrier may exist. (Larson and Drexler, 1997)

## **THE CURRENT ENVIRONMENT**

Public agencies have embraced Partnering as the management style of choice due to the benefits to be gained from the process. The process takes two groups of people with differing goals and unites them with a common set of objectives. Unfortunately, this 'paradigm shift' has been met with a tendency to resist the change. This study attempts to identify the goals of the major stake-holders in the process as well as what barriers prevent the stake-holders from achieving their goals.

### **THE SURVEY**

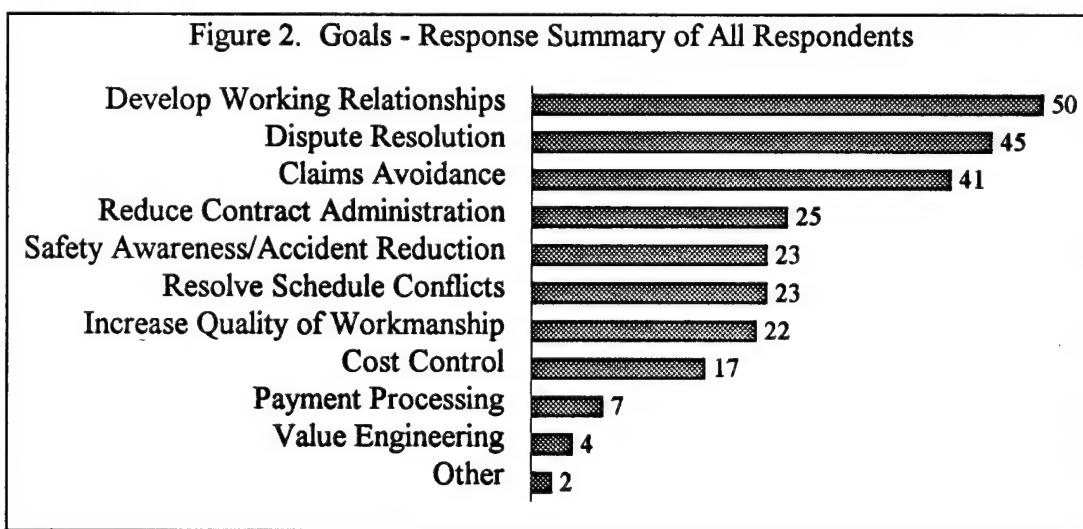
A survey was developed with the specific intent to determine what stake-holders have for their goals in the process and what barriers prevent attainment of those goals. The survey was sent to three groups of construction organizations including public sector owners, private contractors, and private consultants specializing in Partnering facilitation. The initial distribution was by facsimile and email transmission to 12 agencies and private companies. Each contact at those agencies was asked to redistribute the survey to other persons with Partnering experience including top-management and field personnel. Without full knowledge of the overall redistribution effort, only 25-30 responses were expected. It appears the contact persons were more effective than anticipated. 50 surveys were received by the requested deadline. A copy of the survey is included in the Appendix.

## ANALYSIS OF RESULTS

### Goals

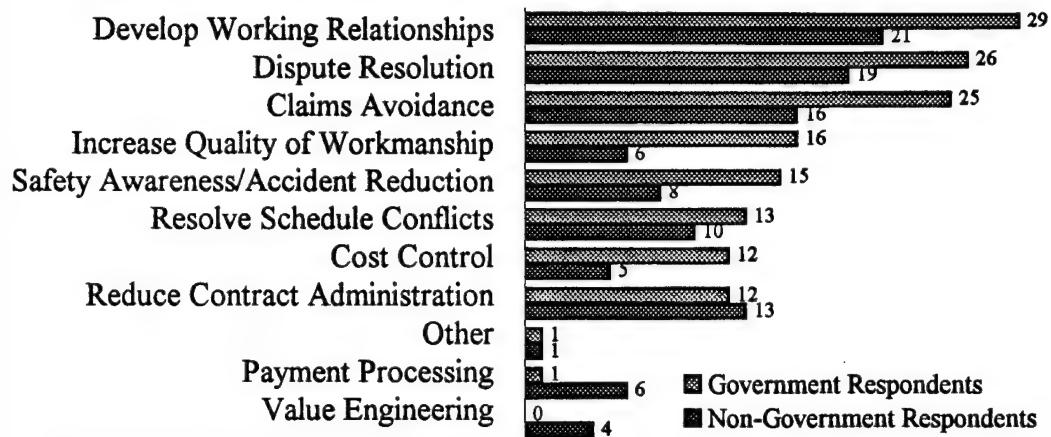
The survey was designed to determine what goals stake-holders have when entering a Partnering workshop. The question asked the respondent to choose at least five of ten goals listed. There was an 11<sup>th</sup> goal listed as 'Other' for respondents to use should they have a goal not listed. A pre-survey expectation was that respondents would be experienced in Partnering and would choose goals consistent with its' philosophy.

The three goals chosen most often were developing working relationships, dispute resolution, and claims avoidance. These responses were consistent with the pre-survey expectations. The balance of the goals, and how they ranked by total response, are summarized in Figure 2. The number at the end of the bar represents how many respondents chose that goal as one of their five choices.



The data was analyzed to determine if there were deviations between respondents with a Government background compared to those with a non-Government background. No significant difference was found. Figure 3 is shows a comparative list of the goals.

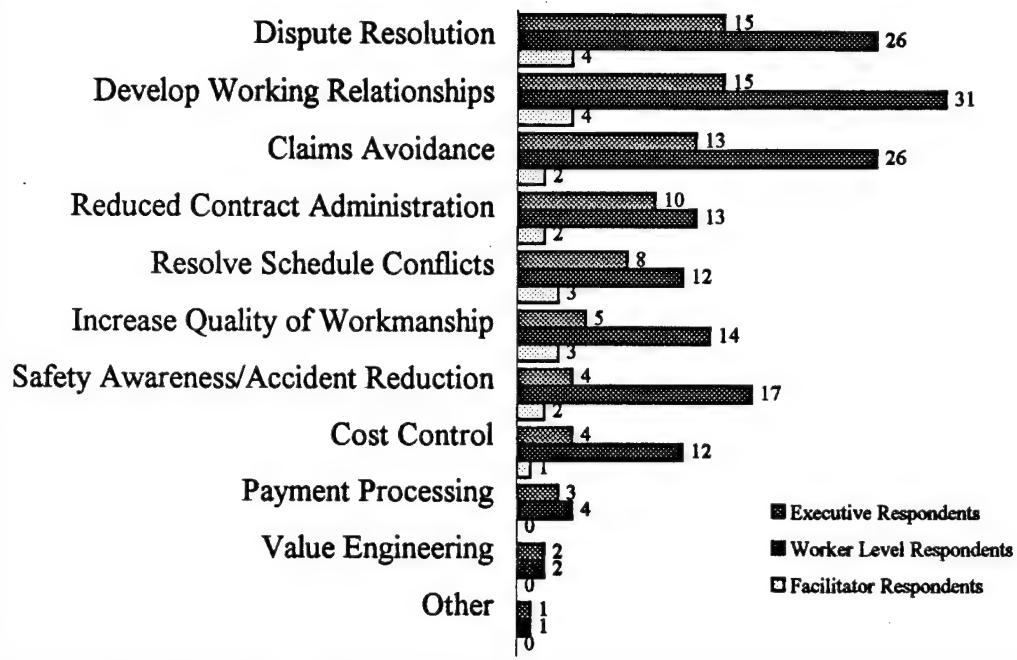
Figure 3. Goals - Response Comparison by Background of Respondent



The data was further analyzed by comparing responses of executive management against the working level and facilitator responses. The responses from the executive management and the working level managers were consistent but differed from facilitators. The executives and working managers tended to emphasize goals related to potential litigation situations. Specifically, claims avoidance and reducing contract administration were more prevalent in these groups whereas increased quality of work was rated higher by the facilitators. It is hypothesized the facilitators responded this way since quality of work receives a lot of attention during the formal sessions of the process. Figure 4 details the comparative summary by worker classification.

In addition to the comparative charts presented, the survey also asked each respondent to identify the single largest benefit from Partnering. This question was posed using a narrative response. The responses received are consistent with the ranking of the goals. The narrative answers have been compiled and are included in the Appendix.

**Figure 4. Goals - Response Comparison by Working Level of Respondent**



### **Barriers**

The survey was tailored to collect data on the current barriers to Partnering. Similar to the goal-ranking question, each respondent was asked to rank five barriers from a list of nineteen barriers, including an 'Other' category if needed. The pre-survey expectations for this portion was an expected difference in opinion on what the barriers were, depending on the working level of the respondent.

Similar to the responses on goals, the top barriers chosen by all respondents were clearly set apart from the rest of the data points. Seven barriers were chosen by at least 40% of the respondents. They included top management commitment, ego/personality indifference, low-bid mentality, working level commitment, lack of common goals, lack of understanding the principles, and past adversarial experiences. Figure 5 summarizes the overall analysis of responses.

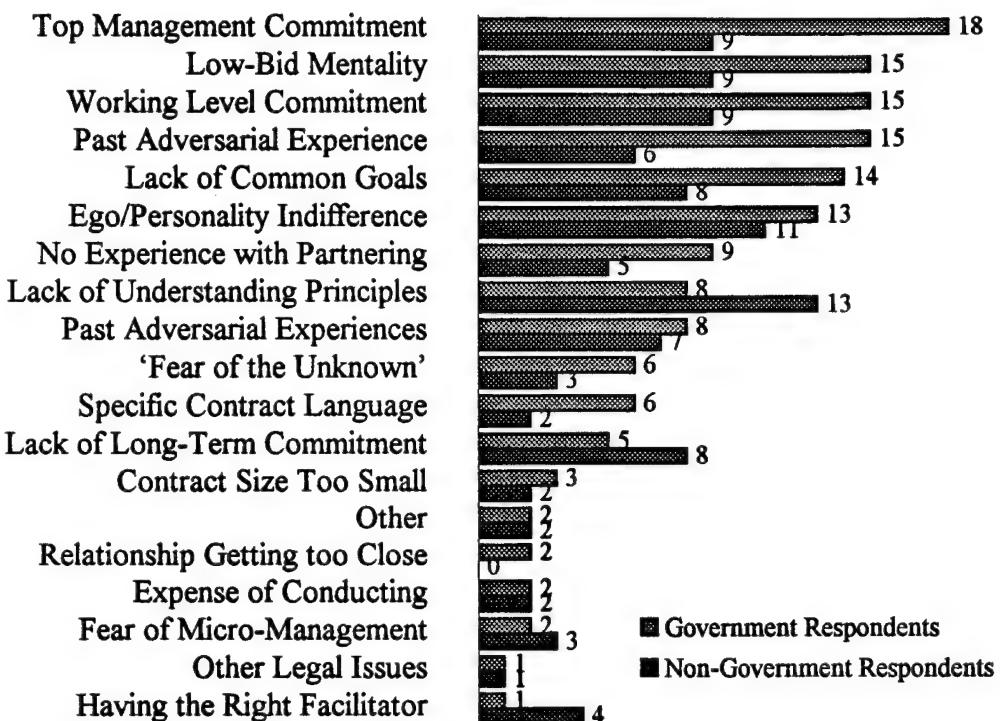
**Figure 5. Barriers - Response Summary of All Respondents**



Unlike the goals analysis, significant differences were noted when comparing the responses between Government and non-Government respondents. The Government respondents choices indicate a lack of trust and commitment to the Partnering concept. Their most chosen barriers included top management commitment, low-bid mentality, working level commitment, past adversarial experiences, and lack of common goals.

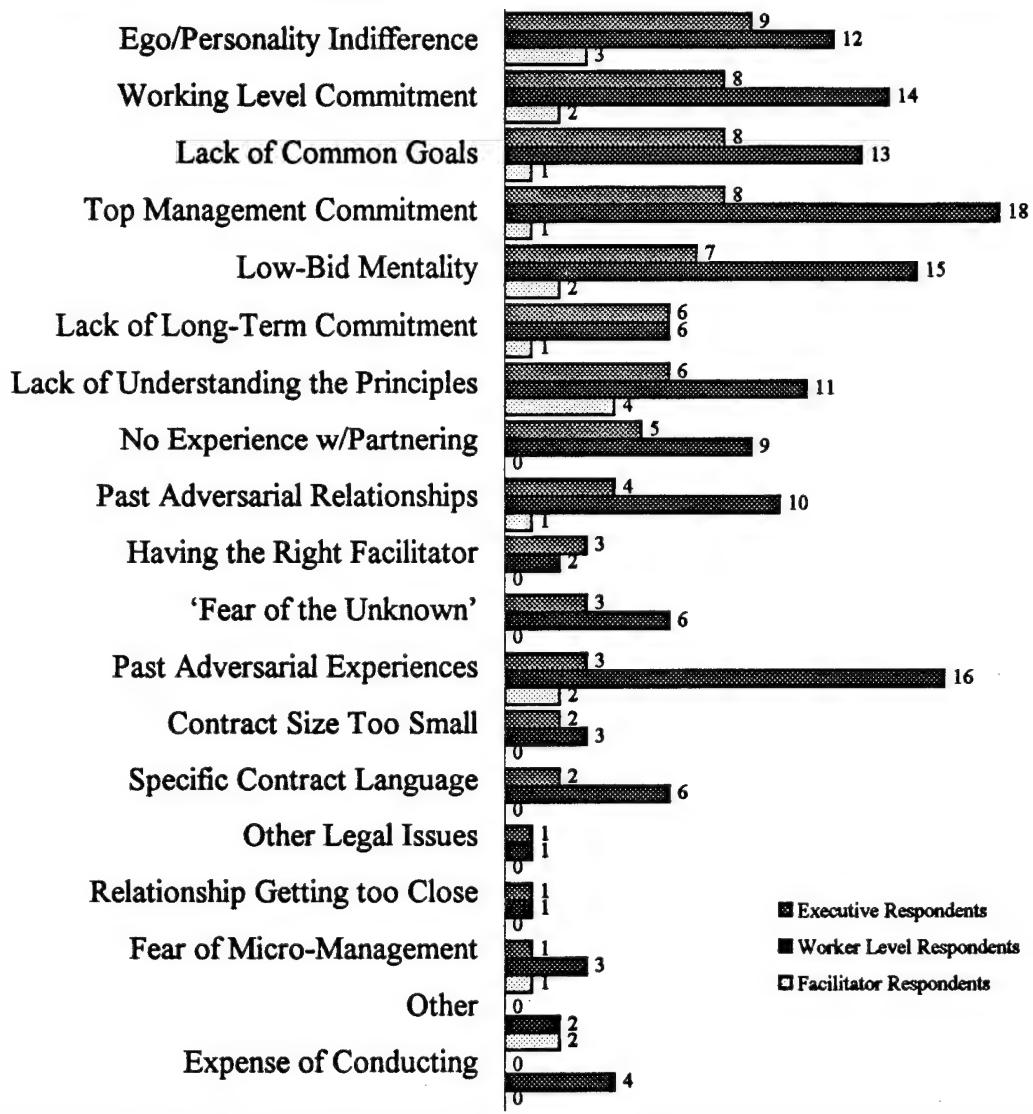
Contractor responses reveal a similarly distressing viewpoint. Their most chosen barriers include lack of understanding the Partnering principles and ego/personality indifference in addition to the low-bid mentality and top management and working level commitment. This seems to center on a lack of communication and understanding of the owner's perspective. This is precisely what they chose as their top barrier, a lack of understanding the principles of Partnering. Figure 6 compares the two data sets.

**Figure 6. Barriers - Response Comparison by Background of Respondent**



When comparing the responses across the worker level, another anomaly was discovered. Although not unexpected, there were distinct differences when comparing the choices between the executives and the working level. The executive perspective appeared to be lofty, suggesting the barriers to Partnering were a lack of commitment and trust. The working level, however, chose barriers related to a lack of involvement by top management. Their choices also included items they felt top management could change, such as the low-bid structure of contracting. Meanwhile, facilitators chose barriers that suggested failures of the stake-holders to understand and commit to the process. These responses validate the contrasting observations made between top and working managers. Figure 7 illustrates the contrasting viewpoints.

**Figure 7. Barriers - Response Comparison by Working Level of Respondent**



Some encouraging results were realized with a relatively low rating of certain barriers from all groups. Barriers normally associated with a catastrophic break-down of a Partnering effort were rarely chosen. Those included the fear of micro-management, relationships getting too close, expense of conducting Partnering, and other legal issues. It appears the basic principles of Partnering are understood and are achieving some of the fundamental benefits that are associated with the process.

In addition, a similar narrative question was posed to each respondent to identify the single largest barrier to Partnering. The responses included a good mix of candor on some of the 'real-life' experiences with the Partnering process. Those narrative answers have been compiled and are included in the Appendix.

## **CONCLUSIONS AND RECOMMENDATIONS**

### **Conclusions**

The objective of this study was three-fold. First was to understand the Partnering process and how it applies to the construction industry. With over 11 years of experience in the public sector, I was curious to see if Partnering is a passing ‘buzz-word’ or if it is the management style that will bridge the construction industry into the 21<sup>st</sup> century. It was from that cornerstone that I sought to understand what the process is supposed to do and how it achieves its goals. The interesting part of that research was discovering the various dynamics of how the different sectors of the industry viewed Partnering, both in the application of its principles as well as the benefits and concerns from the organizations. Specifically, I was intrigued by the myriad of definitions and applications of Partnering, especially amongst similar organizations in the public sector.

My conclusion is that Partnering is not just another management style which will be replaced in 3-5 years. Partnering is the essence of good business practices. Its roots are founded in the tenets of trust, mutual respect, and integrity. It achieves its goals and objectives through open communication and mutual risk-taking and profit sharing.

Partnering is about joint strategies to achieve common goals. The second part of the research was to understand why the parties come to the table to be a part of the project team. For this research, a survey was conducted to identify what goals are keeping the stake-holders in the process. The analysis of the survey yielded expected results and supported two key conclusions. First, stake-holders are sophisticated in what they want and how they want it. Second, the goals are consistent, not only between the owners and contractors, but also across the various working levels. The construction

industry has embraced Partnering and is willing to take the risks to make the paradigm shift.

The final portion of the research was to understand what barriers still prevent organizations from achieving their goals and objectives. This portion of the study brought interesting results. As unified and consistent as the goals were, the barrier analysis showed inconsistencies. The survey showed significant differences in perception, depending if you are an owner or contractor, or top management as opposed to project management. This perception can, and will, lead to disastrous results if left unchecked.

### **Recommendations**

Two recommendations are being made. First, Partnering should be used in all cases where it is reasonable to do so. The process can virtually assures success when applied properly. Owners and contractors alike should continue to keep building on the foundation that is in place. To that end, the principles of Partnering should be employed as a business standard, even if a formal process is not implemented on a given project. Its principles remind us of when mutual respect and trust were common-place, traits that have been eroded by the ever growing mountain of litigation.

Lastly, further study is recommended to identify solutions for the barriers which still exist. This would include ways for top-level management to be more visible in the project arena as well as further empowering the working level. Entrusting the project managers will leaves more time for top management to continue bridging the communication gap between owners and contractors.

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**APPENDIX**

**PARTNERING SURVEY**

The University of Florida Civil Engineering Department is conducting a survey on the barriers to Partnering in the Public Sector. While numerous articles are written each year on the successes of Partnering, we recognize certain barriers still exist and prevent Partnering from being successful in every situation. Our intent with this survey is to identify the goals of parties entering Partnering relationships and what barriers still exist which prevent attaining these goals. Please take a moment and provide us feedback on how Partnering is working for your company.

1. Please describe your company:

Your position:	% of work in Public sector
<input type="checkbox"/> Public Sector Owner	<input type="checkbox"/> < 25%
<input type="checkbox"/> Design firm	<input type="checkbox"/> 25-50%
<input type="checkbox"/> Construction Firm	<input type="checkbox"/> 50-75%
<input type="checkbox"/> Private Consultant	<input type="checkbox"/> > 75%
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

2. Within your breadth of responsibility, please circle how many contracts were Partnered:

Using an external facilitator within the last year	0	1-2	3-5	>5
Using an external facilitator within the last five years	0	1-2	3-5	>5
Using an internal facilitator within the last year	0	1-2	3-5	>5
Using an internal facilitator within the last five years	0	1-2	3-5	>5

3. Please indicate your overall experience with Partnering:  Excellent  Good  Fair  Poor

4. Below are a list of Partnering goals that have been identified through a number of sources. Please rank your top five (5) goals when you enter a Partnering relationship. (You may include more if appropriate)

_____ Developing Working Relationships	_____ Reducing Contract Administration
_____ Resolving Scheduling Conflicts	_____ Dispute Resolution
_____ Cost Control	_____ Value Engineering
_____ Safety Awareness/Accident Reduction	_____ Payment Processing
_____ Claims Avoidance	_____ Increase in Quality of Workmanship
_____ Other (please specify) _____	

5. While much has been identified with the successes and benefits of Partnering, we recognize certain barriers still exist and prevent Partnering from being successful in every situation. Below are a list of barriers that have been identified through numerous sources. Please rank your top five (5) barriers which you perceive still exist in the industry.

_____ Past Adversarial Relationships	_____ Top Management Commitment	_____ Lack of Common Goals
_____ Past Adversarial Experience	_____ Working Level Commitment	_____ Specific Contract Language
_____ No experience with Partnering	_____ Fear of Micro-Management	_____ Low-Bid Mentality
_____ Lack of Understanding Principles	_____ Lack of Long-Term Commitment	_____ Expense of Conducting
_____ Ego/Personality Indifference	_____ "Fear of the Unknown"	_____ Contract Size Too Small
_____ Having the Right Facilitator	_____ Relationships getting too close	_____ Other Legal Issues
_____ Other (please specify) _____		

6. Please describe your perception of the largest barrier currently preventing Partnering from working better in your office. \_\_\_\_\_

7. Please describe your perception of the single largest benefit of Partnering: \_\_\_\_\_

Thank you for your assistance in completing this survey. Please feel free to include any other comments you may have on Partnering. Please return your completed copy to: Dr. C. R. Glagola, University of Florida, Gainesville, FL 32611-6850. You may also e-mail the completed survey to [cglag@ce.ufl.edu](mailto:cglag@ce.ufl.edu) or fax to 352-392-3394. Survey results will be available after August 5, 1997 at [www.ce.ufl.edu](http://www.ce.ufl.edu).

## NARRATIVE RESPONSES REGARDING GOALS AND BENEFITS

### Government Background Responses - Executive Management Respondents

Not better relationship between Corps and contractor, but better relationship during construction with user agency and regulatory agencies, I.e. county governments, DEP, water management districts, port authorities, NOAA.

The benefit of Partnering early within the organization so that Partnering after contract award is successful with the contractor and local sponsors.

Successful project completion and activation.

Our 'customer' is very poorly defined. On any given project, we can have 6-12 major players who, individually can, and do, dictate changes to the contract by their independent actions. Our worksites are on a large congested nuclear rated USN shipyard where production has priority. The station working level has production driven deadlines and are not overly receptive to working with outside, non-production activities. This, coupled with inadequately clear contract drawing and specifications, result in numerous delays and associated cost overruns. In other words, we're slow and costly and understaffed to closely monitor construction quality and compliance with the seemingly endless list of station policy requirements which are not clearly stated in the contract. The customer thinks they're entitled to more.

Speedy resolution of disputes clears the air and prevents hard feelings from poisoning the day-to-day working relationships.

Improvement in cost and schedule performance. increased owner satisfaction.

Understanding each partners perspective.

Fortifies strong working relationships which all the 'team' to resolve issues smoothly.

### Government Background Responses - Working Level Respondents

Increase in the extent of prevention of disputes.

Development of better working relationships due to improved communication with all involved.

Given the right contractor and the right owner, Partnering is great, whether or not there is 'formal Partnering.' A friendly, cooperative relationship makes the construction project a success. Formal Partnering with the wrong contractor, however, does not work.

Taking care of issues before they become major problems.

A personal relationship with everyone involved. It's easier to perform with people if you've met them.

Getting to know the contractor's staff members in advance. Also being able to discuss the problems and questions they have at the outset. the tone of the project can be set in a positive way during Partnering.

Partnering opens up communications between the parties involved. Partnering establishes a conflict resolution path from working level to executive level.

Improvement in cost and schedule performance. Increased owner satisfaction.

Developing a working relations where problems can be brought into the open and discussed with the purpose of reaching a solution that benefits both parties.

I believe the customer will get a good product, on time and everybody is happy with the outcome.

Successfully completing projects.

Learning to recognize that differing personalities exist between key project players and learning to respect and work around those differences.

Getting 'most difficult' party on board. My view is that process is only needed because someone doesn't have spirit of cooperation that is needed from and expected by all others.

Working together as a team towards the best product possible.

An enjoyable project.

Initial meetings with contractor, A&E, and Government representatives allow working relationships to develop before a conflict arises.

When all parties (including the contracting agency, the contractor, and local owners/users/sponsors) fully accept the Partnering concepts of mutual trust, communication and cooperation, and understand that the contract plans and specifications are not pre-empted by the Partnering concept, Partnering becomes a useful tool for keeping everyone aware of the status of issues concerning the contract. No one is 'surprised' by hidden agendas, and coordination of efforts is made easier.

Potential for reduction in my overhead - not observed to date.

When successful, the Partnering establishes a relationship 'up and running' at the outset of the construction.

Face to face meeting and placing all cards on the table.

Able to work with contractor to handle dynamic customer requirements and desires.

#### **Construction Firms Responses - Executive Management Respondents**

Avoiding confrontations.

Partnering can reduce barriers to completing work. In its simplest terms it brings common sense into the world of contracting. It reduces wasted energy arguing about contractual bureaucratic bullshit and applies that energy to completing a project on time, with quality workmanship, and on budget.

Knowing personally all parties involved.

Formulation of teamwork concept.

Achieving common goals that everyone can agree on.

Define relationships.

If executed the right way to dispel the notion that only the project owner is qualified to interpret 'what was the objective' in interpreting all the contract documents.

#### **Construction Firms Responses - Working Level Respondents**

Better understanding of the other sides' perspective which leads to a better working relationship and a more trusting environment.

Win-Win. Mutual success through mutual cooperation and assistance.

Develop relationships that allow a teamwork approach to solving problems.

Meeting and getting to know all the major players involved with the project from designers to inspectors.

Increased experience background and ability to take on larger projects.

#### **Design Firms Responses - Working Level Respondents**

Increased communication, understanding, and trust between the participants.

### **Private Consultant and Other Responses - Working Level Respondents**

Effective communication.

It allows everyone to see the benefit of all the other parties and educates all in what it takes to have a successful job - all working together.

Positive working relationships and no claims.

It eliminates the waste of adversarial relationships and helps the team to pull in a single direction - "Look out mountains."

Collective focus on a project prior to construction - Getting issues on the table.

Ability to work together rather than as separate organizations including permission to be team mates.

Improved relationships, on time completion, within budget, increased safety.

Mutually supportive work environment.

## NARRATIVE RESPONSES REGARDING BARRIERS

### **Government Background Responses - Executive Management Respondents**

In spite of the commitment to goals and values of Partnering, sometimes two personalities clash (usually key players on owner and contractor teams). That conflict makes the project more difficult for everyone involved.

Lack of real commitment by the contractor.

Management commitment.

On any given project, every one could be the most important or least important. Here, we go into a Partnering session acknowledging our (Government) limited ability to be timely. We strive to open communications between the construction contractor and the design agent to facilitate clear communications and timely resolution of issues. The recurring problem that inevitably surfaces are differences on contract interpretation wherein we say the solution will be at the contractor's expense and the contractor feels otherwise. We don't seem to be able to get to the point of agreeing to disagree on a single issue without letting it affect the remainder of the contract work.

Over time, if Partnering is not nurtured, the partnering relationship can break down as the various parties pursue their own agendas.

Partnering within the 'legal bounds' of the Government contractor.

Source of funding to provide Partnering attendance.

Trust is the largest barrier.

### **Government Background Responses - Working Level Respondents**

Partnering does not override any of the contractual aspects of the contract or the roles that have been established for the personnel in the office.

The low bid process and 8-a set aside.

Too time consuming - too costly.

Top management/working level commitment.

Buy-in of all parties and the belief that it will work and is beneficial.

Egos and lack of common goals.

**Management commitment.**

**Partnering is working well in our office.**

**Partnering works well with a willing, professional contractor. It works poorly if the contractor is poorly prepared or is overly paranoid. The largest barrier is a bid that is too low.**

**Contract language sometimes is not too clear and interpretations can be misleading.**

**Partnering is viewed as 'Giving away the farm.'**

**Change order process - Top management in the way.**

**Government inability to properly staff projects.**

**Government red tape and the FAR regs.**

**Lack of funding which leads to interruption of the project momentum.**

**Lack of funds to fix problems and their causes vice perform 'band-aid' fixes.**

**On low bid contracts, financial pressure on the contractor is such that an adversarial relationship is almost guaranteed even with Partnering.**

**Past adversarial relationships and experiences by both my office and by contractors.**

**The largest barrier that I see is the inherent difference between the owners goals of procuring a quality, on-time and within budget project and that of the contractors who is seeking to make a 'profit.' This difference is a fact of the construction business. In a fixed price low bid contracting situation, the primary source of friction in my experience has been the gross costing of change orders coupled with the pursuit of numerous changes. Partnering from my perspective (project engineer) has been used as a tool by contractors to become more successful in both of these areas.**

**Time constraints.**

**We attempt to at least informally Partner with all of our contractors, whether or not Partnering is a part of the contract. The largest barrier is past experience with particular contractors, where a lack of mutual trust, communication and cooperation was encountered.**

### **Construction Firms Responses - Executive Management Respondents**

Lack of understanding on both sides of the other needs, requirements, and expectations.

Lack of understanding.

Maintaining enthusiasm and commitment to the long-term. Keeping everyone tuned in to the common goals.

Partnering will only work if there is a firm commitment at the top of the organization, as well as the dedication of resources to make it work. The operative word here is 'work.' Partnering does not just happen, it takes work. Not everyone is willing to do the work necessary.

Perception of poor attitude from the A&E and owners side.

Too much is expected from the contractor.

Top management commitment. Too many 'non-critical' participants in original Partnering agreement.

### **Construction Firms Responses - Working Level Respondents**

Past bad experiences where our partners were adversarial towards the program and the stigma that still exists.

Shared quality goals.

The Government side has too many rules and contract requirements to allow them to freely 'Partner.' They require work per plans and specs with no deviations.

The owners representative who can't get beyond their own ego and really commit to working in a Partnership for everyone's mutual benefit. "You can't teach old dogs new tricks" syndrome.

There are few barriers developed in the contractors office. We are more flexible. State agencies or the military are often tied with too much internal bureaucracy, chain of command, or regulations such as the FAR.

### **Design Firms Responses - Working Level Respondents**

When difficulties arise, people tend to fall back on their past experiences, training, tendencies which have been developed in adversarial relationships.

### **Private Consultant and Other Responses - Working Level Respondents**

Existing/established procedures and contracting methods.

To be a successful contractor or administrator, ego plays a big part. To overcome that is often difficult. But getting such a person to attend & stay the duration, you often get a great advocate for Partnering. The process is humbling in many respects.

Is not an issue.

Bureaucracy of Government. Too many changes and discrepancies in design. Poor follow through of Partnering process.

It is working in our office.

Not applicable.

Lack of full commitment, walking the walk, and leadership of top management.